



Director of  
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**BRAZIL-LIBYA: Mounting Tensions**

*Relations between Brasilia and Tripoli are deteriorating further as a result of the protracted controversy over the Libyan weapons shipments seized in Brazil three weeks ago.* [ ]

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Brazil announced on Wednesday that the arms would be returned to Tripoli by sea. A tentative agreement with Alitalia had collapsed when the Italian airline demanded that the cargo be repacked and transported on several aircraft for safety reasons—requirements Brasilia considered too costly. [ ]

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Libyan leader Qadhafi replied on Thursday that he would accept the arms only if they were shipped aboard the four Libyan planes still in Brazil. He accused Brasilia of interference in Libya's internal affairs and renewed accusations that Brazil is backing "imperialism" against Nicaragua. The Brazilians responded by rejecting Qadhafi's demands and charged him with full responsibility for the episode. [ ]

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**Comment:** Brazil is preparing for the possibility of extreme actions by the Libyans, but its precautions are likely to add to Qadhafi's irritation. He may retaliate by delaying or canceling pending arms purchases worth some \$1.2 billion and perhaps by detaining some of the Brazilians in Libya. [ ]

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Both countries initially appeared anxious not to allow the arms incident to damage bilateral relations, and the Libyans earlier this week invited the Brazilian Air Minister to visit Tripoli. Tensions have increased rapidly, however, and agreement on the return of the weapons seems further away than ever. Moreover, relations may be severed—at least temporarily—if either party acts precipitately. [ ]

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**EL SALVADOR: Amnesty Law**

*The recent passage of the amnesty law will improve the government's image, even if few insurgents or exiles take advantage of it.*

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The law applies to insurgents, exiles, and political prisoners and is expected to go into effect next week and to last for 60 days. As many as half of the 730 political prisoners currently detained under the emergency security decree will be eligible for immediate release. Amnesty petitioners are to turn themselves in to civilian representatives of the Amnesty Board located throughout the country.

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The US Embassy reports the law appears to waive interrogations, confessions, and mandatory arms surrenders. There is some uncertainty whether it rescinds provisions of the current antiterrorist laws.

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**Comment:** The law represents a victory for President Magana and the moderate parties. Extreme rightists reportedly have wanted the amnesty to apply only to those who had a minor role in military actions.

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Only a few guerrillas or exiles are likely to take advantage of the amnesty. Most of the insurgent alliance intends to fight on, and many fear rightist retaliation if they were to turn themselves in.

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The main beneficiaries of the amnesty will be the political prisoners. It is not yet clear, however, whether the government intends to release those eligible a few at a time or to discharge them all at once.

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**SPAIN: Local and Regional Elections**

*The elections tomorrow for all municipal and provincial governments and most regional administrations probably will give the Socialists a strong vote of confidence and highlight the problems of their opponents.* [ ]

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Opinion polls forecast that the Socialists will sweep most areas they won in their landslide victory in October and that they also will do well in conservative and regional party strongholds. Although local issues and personalities have figured prominently in the campaigning, the elections are widely viewed as the first test since last fall of the Socialists' popularity. [ ]

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**Comment:** The Socialists are still enjoying a political honeymoon at the national level, and they have a good record at the local level over the past four years. They also have helped their prospects by postponing some controversial decisions on the economy and on NATO membership. [ ]

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The conservative Popular Alliance probably will fail to improve significantly on its performance of last fall when it became the main opposition party. About 25 percent of the voters supported the party then. The Alliance's failure to show much improvement would increase dissension in the party and encourage other conservative and centrist forces to organize a more broadly based opposition party. [ ]

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The badly divided Communists may be able to reestablish some of their credibility on the left as an alternative to the Socialists. Their share of the vote probably will not be large enough, however, to discourage challenges to the leadership of new party General Secretary Gerardo Iglesias. The Communists are not likely to do well enough to persuade the Socialists to renew the pact of 1979 between the two parties calling for nationwide cooperation at the municipal level. [ ]

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**WEST GERMANY: Social Democrats Cautious on INF**

*Social Democratic leaders are not taking a clear position on INF in order to avoid increasing factionalism in their party.* [redacted]

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The Social Democrats accuse the government of not putting enough pressure on the USSR and the US to negotiate and of being willing to accept deployments whether or not there is progress in the negotiations. It also implies that British and French nuclear systems should be included in the Geneva talks. [redacted]

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Although the party formally supports the dual-track decision, it continues to be vague about the circumstance under which it would agree to INF deployments. Caucus chairman Vogel has hinted publicly that the party might accept an agreement that precludes any US INF deployments—provided the USSR “radically” reduced the number of SS-20s. [redacted]

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**Comment:** The INF issue is likely to divide the party more deeply if some elements participate in obstructionist peace movement activities. The leadership, nonetheless, believes an early rejection of INF would reduce Moscow's incentive to negotiate, give the Christian Democrats political ammunition, and further isolate the party within the Alliance. Unless the Geneva talks break down and the US is blamed, the party congress in November probably will recommend a limited postponement of deployments in order to give the Geneva talks more time. [redacted]

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**UPPER VOLTA-LIBYA: Increasing Libyan Involvement**

The arrival yesterday in Upper Volta of seven Libyan cargo aircraft may be intended as a show of support for pro-Libyan Prime Minister Sankara, whom President Ouedraogo is trying to oust. The arrival of the aircraft follows a visit to Upper Volta by Libyan leader Qadhafi last week. [redacted]

[redacted]

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*Comment:* Although the government has announced the aircraft delivered food and medicine, they also may have contained sizable amounts of weapons and other military supplies. Tripoli probably calculates that more assistance, perhaps including military advisers, will strengthen the leftist faction. Qadhafi's visit sharpened the split within the shaky seven-month-old military regime between radicals allied with Sankara and moderates loyal to Ouedraogo. A showdown between the two factions seems increasingly likely, and the moderates probably will look for help to France, Upper Volta's traditional patron. [redacted]

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**USSR-US: TASS on Nuclear Freeze Resolution**

A commentary in TASS has applauded the endorsement by the US House of Representatives of the nuclear freeze resolution, noting that the "impressive majority of votes" for the resolution is a "vote of no-confidence" in the Administration's policies. TASS also cited the Catholic bishops' pastoral letter calling for a halt in nuclear arms production and a bipartisan Congressional letter delivered on Monday to President Reagan linking support for the MX missile to modification of the US START proposal. [redacted]

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*Comment:* Moscow probably does not expect that Washington will modify its policies any time soon. Nonetheless, the Soviets are likely to continue encouraging antinuclear sentiment in the US. [redacted]

[redacted]

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**COSTA RICA-NICARAGUA: Proposal for OAS Peace Force**

Costa Rica's call yesterday for a peacekeeping force is based largely on its concerns about increasing Nicaraguan charges that anti-Sandinista insurgents are crossing into Costa Rica. Costa Rican officials say representatives of the Contadora countries—Mexico, Venezuela, Colombia, and Panama—will meet soon to discuss the proposal that they send troops under OAS auspices. The Nicaraguan Government has not responded publicly but reportedly has told Costa Rica of its interest in the proposal. [redacted]

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**Comment:** The OAS will be unlikely to take action on the proposal until the UN Security Council considers Managua's allegations of US and Honduran aggression. If Nicaragua accepts the plan for a peacekeeping force, it also may call for an international force on the Honduran border. A small force on either border would not be able to prevent all insurgent cross-border activity, but the Sandinistas probably would be able to help it to locate insurgent camps. Nicaragua almost certainly will cite the proposal as evidence Costa Rica recognizes that anti-Sandinista insurgents are using its territory for a safehaven. [redacted]

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**USSR-IRAN: Soviet Criticism**

An editorial yesterday in *Pravda* dismissed charges that Iran's Tudeh Party spied for the USSR and stated that public confessions by its leaders were obtained by torture. The editorial did not threaten Iran with retaliation, refrained from personal attacks on Ayatollah Khomeini, and did not mention the dissolution of the Tudeh Party. It noted, however, that Moscow has lodged a formal protest against expulsions of Soviet Embassy and other officials from Iran on Tuesday. *Pravda* claimed that Iranians collaborating with "imperialism and foreign agents" are fabricating material in order to damage Soviet-Iranian ties. [redacted]

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**Comment:** Moscow hopes to prevent a break in relations with Tehran. It may fear that a more vigorous reaction would risk reprisals by Tehran against the other Soviet diplomats and the more than 2,000 Soviet economic technicians remaining in Iran. [redacted]

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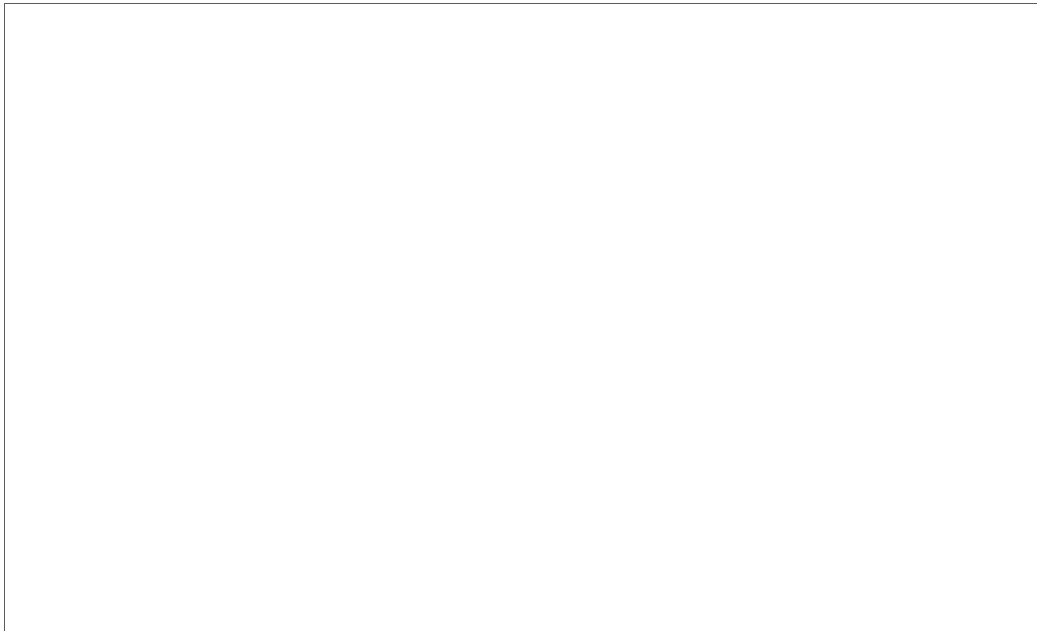
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**WEST GERMANY: Security Issue in the Bundestag**

The Bundestag voted on Thursday to deny the Greens representation on the committee that oversees domestic security and intelligence operations. The other parties claim that, under parliamentary regulations, the Green delegation of 27 deputies is too small to qualify for membership on the five-man committee.

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**Comment:** The vote was expected, and it will help allay fears that Green deputies would compromise domestic security operations. Most members of the Bundestag earlier had voted to retain the established rules of order, which maintain membership of the committee at five. Parliamentary procedure is explicit on this point, and any court challenges by the Greens are likely to fail. The Greens are on the larger defense and foreign affairs committees, however, and the government remains concerned that they will ignore possible legal penalties and leak some classified information on matters related to INF.

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**UK: Local Election Results**

The Conservatives scored a solid success in the local elections held on Thursday in England and Wales, winning 40.5 percent of the vote to Labor's 34.5 percent. The Social Democratic-Liberal Alliance won 22 percent, with most of the vote going to the Liberals. The Conservatives retained control of the Birmingham council, and Labor ended the Liberals' longstanding control of Liverpool.

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**Comment:** The Tory showing is impressive for a government that is hampered by 13-percent unemployment in its fourth year of office, and the result slightly increases prospects that Prime Minister Thatcher will call a general election for June. At the same time, Tory strategists will note that their vote percentage is several points below their current national poll ratings and would not guarantee a parliamentary majority in a national election. If Thatcher decides not to call an election for June, she would be able to cite the strong Conservative showing to counter possible Labor charges that she fears a national contest.

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**HUNGARY-EC: Budapest Seeks Trade Agreement**

Hungarian Vice Premier Marjai, in a meeting with EC Commissioner Haferkamp last month, proposed a basic trade agreement with the EC. Budapest wants the EC to reduce its restrictions on imports from Hungary, especially on beef and some industrial products, and it has raised the possibility of a free trade area and other preferential arrangements. Romania and Yugoslavia already have trade agreements with the EC. The EC Foreign Ministers have instructed the Commission to prepare a counterproposal quickly.

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**Comment:** Budapest's desire for a trade agreement with the EC indicates the Hungarians are not turning further to the East in response to their hard currency payments problems. The EC would be interested in an agreement both to differentiate Hungary from some other CEMA countries and to move away from CEMA-EC dealings. Negotiations over concessions, however, probably will be protracted.

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**EGYPT-ROMANIA: Purchase of Tanks**

Egypt is purchasing 200 TR-77 tanks from Romania for \$70 million, according to a source of the US defense attache in Bucharest. Deliveries began last month and are to continue for two years. The TR-77 is a modified, indigenously produced version of the Soviet T-55. The source stated that Egypt decided on the TR-77 because of its low price, ease of operation, and compatibility with the T-55s already in Egypt's inventory. [redacted]

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**Comment:** [redacted]

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[redacted] Egypt needs replacements for its T-55s, which have proved too costly to repair. The deal provides Romania with badly needed hard currency and also helps it to maintain good relations with moderate Middle Eastern states. Bucharest has not consulted with Moscow about most of its previous arms sales to Cairo, and it is unlikely to have done so in this case. [redacted]

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## **Special Analysis**

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### **USSR: Reaction to the Israeli-Lebanese Accord**

*The apparently successful conclusion of this stage of the talks on Lebanon threatens the Soviets with another major foreign policy setback in the Middle East.*

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If the Syrians sign on to the agreement, serious problems will arise for Moscow. Once again the USSR will have been on the sidelines while a Middle East peace agreement has been worked out. The Soviets will have to consider that the US success will make it particularly difficult for them to participate in any subsequent talks.

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The removal of the Israeli military from Lebanon would reduce the justification for the sizable Soviet military presence in Syria. This in turn would increase the chance of serious frictions between Syrian and Soviet military personnel.

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### **Moscow's Likely Course of Action**

The Soviets will make every effort to reinforce Syria's opposition to the accord. They will portray it in the worst possible light, emphasizing the risks and casting doubt on Israel's commitment to fulfill its obligations. The Soviets' propaganda campaign will intensify as they work to exacerbate Syrian President Assad's suspicions of Israel and the US.

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The Soviets probably will provide Assad with misleading or false intelligence about Israeli intentions. They will lobby other Arab states to build opposition to any agreement.

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In light of the current accord, the Soviets may even see benefits from some limited hostilities in Lebanon, especially if Israel can be provoked into striking first. Stepped-up attacks on Israeli soldiers by pro-Syrian Palestinians can be expected as the US attempts to persuade Syria to go along, and subsequently during any withdrawal period.

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Such an option has some drawbacks for the Soviets. They cannot be sure that any fighting will stay limited, and they are aware it could continue to escalate rapidly, spill over into Syrian territory, and involve the Soviet units there.

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**If Syria Agrees**

If Assad, nevertheless, decides to accept the Israeli-Lebanese agreement, the Soviets probably will go along. Syria is the USSR's only ally in the region, and the Soviets would not jeopardize the relationship by opposing an arrangement Assad decided is in his interest.

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The Soviets can be expected to move quickly to make the best of a bad situation. They will claim that the USSR's military assistance to Syria following the fighting in Lebanon was really responsible for the Israeli withdrawal. They also will use their enhanced position in Syria to put pressure on Assad to demand Soviet participation in any subsequent peace negotiations.

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